



TOM TINDALL
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

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December 11, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17 December 11, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**REQUEST FOR APPROVAL
TO ACQUIRE COMPUTER EQUIPMENT
(ALL DISTRICTS - 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

Request approval to acquire computer equipment with a unit cost greater than \$250,000 to meet the needs of County departments.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Internal Services Department (ISD) to purchase \$3.18 million of computer equipment, which is comprised of individual components with unit prices in excess of \$250,000 each.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On an ongoing basis, ISD acquires computer equipment to meet the technology needs of County departments. Pursuant to County Policy, Board approval is required when individual components of this equipment exceed \$250,000.

This request is for approval to acquire computer equipment for ISD at a total purchase cost of \$3,180,000, as follows:

- Acquire four (4) large capacity IBM pSeries midrange servers to expand ISD's consolidated UNIX hosting service at the Downey and Local Recovery (LRC) data centers. Existing customers to be consolidated onto these servers include: eCAPS, DPSS, DHR and ISD's shared production infrastructure. The purchase cost of these servers is \$1,740,000.
- Acquire two (2) large capacity disk storage arrays to meet the requirements for vendor supportability for the IBM mainframe environment at the Downey and LRC data centers. The purchase cost of these arrays is \$980,000.
- Upgrade two (2) EMC data backup appliances to meet the requirements for additional data backup storage capacity required for UNIX servers at the Downey and LRC data centers. The purchase cost of these appliances is \$460,000.

The equipment purchase will be financed through the Los Angeles County Capital Asset Leasing (LAC-CAL) equipment financing program. On August 21, 2012, the Board approved this equipment purchase in its list of authorized LAC-CAL financing acquisitions for Fiscal Year (FY) 2012-13. Sufficient funds have been budgeted to cover the maximum repayment obligation by the Chief Executive Office.

Implementation of Strategic Plan Goals

The acquisition of this computer equipment is necessary to meet the information technology requirements of the departments served by ISD and supports the County strategic goal for Operational Effectiveness.

FISCAL IMPACT/FINANCING

ISD has adequate appropriation for the lease costs in its FY 2012-13 Adopted Budget, and will request appropriation for the lease costs in future fiscal years' budget requests. ISD recovers all these costs through usage-based charges to client departments. ISD requires no additional net County cost (NCC) for these acquisitions.

This equipment will be financed over five years under the LAC-CAL equipment program. Lease payment requirements are set according to the Chief Executive Office's estimated maximum interest rate for the LAC-CAL lease revenue bonds, which will be issued by the Treasurer and Tax Collector (TTC) at a future date. The TTC has indicated that actual LAC-CAL interest rates at present remain at levels that are much lower than the budgeted 6.25 percent. Any difference between the budgeted lease payments and the actual bond payment requirements will be credited to ISD's budget upon retirement of the bonds.

IBM pSeries Midrange Servers – The purchase cost is \$1,740,000; the FY 2012-13 (6 months) budgeted lease cost is \$210,000; the annual budgeted lease cost is \$420,000; and the total financed cost over five (5) years is \$2,100,000.

Mainframe Disk Storage Arrays – The purchase cost is \$980,000; the FY 2012-13 (6 months) budgeted lease cost is \$118,000; the annual budgeted lease cost is \$236,000; and the total financed cost over five (5) years is \$1,180,000.

EMC Data Backup Appliances – The purchase cost is \$460,000; the FY 2012-13 (6 months) budgeted lease cost is \$56,000; the annual budgeted lease cost is \$112,000; and the total financed cost over five (5) years is \$560,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This request complies with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

The Chief Information Officer (CIO) has reviewed and endorsed the proposed acquisition as outlined in the attached CIO analysis.

CONTRACTING PROCESS

These equipment items are commodity acquisitions under the statutory authority of the County Purchasing Agent. The acquisitions will be competitively bid by the Purchasing Agent in accordance with the standard County Purchasing policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your approval will ensure that ISD can acquire the resources necessary to operate County computer systems managed by the Department.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return one stamped copy of the approved Board letter to the Director, ISD.

The Honorable Board of Supervisors

12/11/2012

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Respectfully submitted,



TOM TINDALL

Director



RICHARD SANCHEZ

Chief Information Officer

TT:DC:TT:DH
Attachment (1)

Enclosures

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

NUMBER:

CA 12-26

DATE:

11/28/2012

SUBJECT:

REQUEST FOR APPROVAL TO ACQUIRE COMPUTER EQUIPMENT

RECOMMENDATION:

☒ Approve

☐ Approve with Modification

☐ Disapprove

CONTRACT TYPE:

☒ New Contract

☐ Sole Source

☐ Amendment to Contract #: Enter contract #.

☐ Other: Describe contract type.

CONTRACT COMPONENTS:

☐ Software

☒ Hardware

☐ Telecommunications

☐ Professional Services

SUMMARY:

Department Executive Sponsor: Tom Tindall, Director, ISD

Description: Request for approval to acquire four (4) large capacity IBM pSeries midrange servers, two (2) large capacity disk storage arrays for the IBM mainframe, and upgrade two (2) EMC data backup appliances.

Contract Amount: \$3,180,000

Funding Source: LAC-CAL/ISD Budget

☐ Legislative or Regulatory Mandate

☐ Subvended/Grant Funded: Enter %

**Strategic and
Business Analysis**

PROJECT GOALS AND OBJECTIVES:

The project's goals and objectives are to:

- Expand ISD's UNIX hosting service at the Downey and Local Recovery Data Centers.
- Meet the requirements for vendor supportability for the IBM mainframe environments at the Downey and Local Recovery Data Centers.
- Meet the requirements for additional data backup storage capacity required for UNIX servers at the Downey and Local Recovery Data Centers.

BUSINESS DRIVERS:

When fully implemented, this additional computer hardware at the Downey and the Local Recovery Data Centers, will support departmental technology requirements for applications, such as:

- Your Benefits Now (DPSS)
- Oracle Application Express (DPSS)
- Oracle eBusiness Suite (DPSS)
- eCAPS Financial, Budget Prep and Reporting (A-C)

PROJECT ORGANIZATION:

A dedicated Project Manager from ISD/ITS will lead the effort to deploy and configure the new hardware. Depending on the hardware selected, there may be a requirement for some professional services, but that expense would be funded out of S&S.

PERFORMANCE METRICS:

The installation of the new hardware will be deemed production ready once all systems have been configured and tested for interoperability with the other components in the Downey and Local Recovery Data Centers. ISD will conduct follow-up performance testing to validate projections.

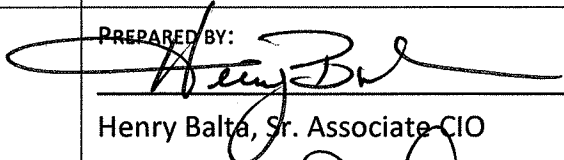
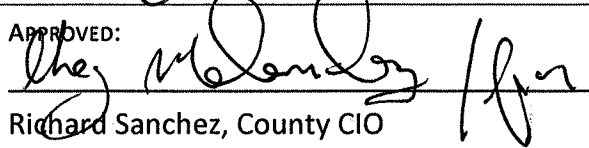
STRATEGIC AND BUSINESS ALIGNMENT:

All three project goals are strategic and well-aligned with the business. The acquisition of the four large IBM pSeries midrange servers will replace 12 smaller servers and provide a more robust hardware platform that will reduce system outages for mission critical applications. It will also reduce Oracle licensing needs, reduce power consumption, and enhance the practice of sharing IT resources and computing centralization. The acquisition of the two large disk storage arrays for the IBM mainframe environment will also reduce power consumption when compared to the current disk arrays.

PROJECT APPROACH:

The new hardware will be implemented according to a project plan, and may require a small amount of professional services. The project will be managed by ISD, and users will not be affected during the implementation of the new hardware.

	<p>ALTERNATIVES ANALYZED:</p> <p>All three hardware components of this project will be competitively bid. Also, for the acquisition of the Data Domain storage appliances, a SunGard cloud computing option was considered. A cost comparison of that option vs. the internal option was completed by ISD and the internal option was substantially more cost-effective.</p>
Technical Analysis	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p>The 12 IBM pSeries servers being replaced are past their 5-year lifespan and are incurring increasing hardware maintenance costs. The hardware refresh is needed to avoid extended downtime to mission critical applications. The new servers will consolidate 10 servers into three at the Downey Data Center, and two servers into one at the Local Recovery Centers. The two disk arrays for the IBM mainframe environment will replace the current 7-year-old EMC disk arrays that are approaching end of life and will no longer be covered under maintenance after June 30, 2013. Departments are expected to benefit from improved performance for their applications based on increased speed and performance from the new disk arrays. The upgrade to the two existing EMC Data Domain backup appliances will support the growing UNIX hosting backup requirements at the Downey and Local Recovery Data Centers. This will reduce the time required to backup and restore customer data.</p>

Financial Analysis	<p>BUDGET:</p> <p>Contract costs</p> <p>One-time costs:</p> <p>Hardware..... \$ 3,180,000</p> <p>Sub-total Contract Costs: \$ N/A</p> <p>Other County costs:</p> <p>One-time costs:</p> <p>Sub-total one-time County costs: \$ N/A</p> <p>Ongoing annual costs:</p> <p>Sub-total ongoing County costs: \$ N/A</p> <p>Total one-time costs: \$ 3,180,000</p> <p>Total ongoing annual costs: \$ N/A</p> <p>The \$3,180,000 is the total purchase cost. The breakdown of the costs is \$1,740,000 for the four large capacity IBM pSeries servers; \$980,000 for the two large capacity storage arrays; and \$460,000 for the upgrade of the two EMC data backup appliances. The equipment purchase will be financed over five (5) years through the Los Angeles County Capital Asset Leasing (LAC-CAL) equipment financing program. ISD recovers all of these costs through usage-based charges to departments. No Net County Cost is required for these acquisitions.</p>
Risk Analysis	<p>RISK MITIGATION:</p> <ol style="list-style-type: none"> 1. The only risk identified at this time is the technical learning curve associated with new storage hardware, if a vendor other than the incumbent is selected. This risk will be mitigated through the use of professional services and the necessary training and knowledge transfer. 2. The Chief Information Security Officer (CISO) has reviewed the acquisition, and did not identify any IT security or privacy related issues.
CIO Approval	<p>PREPARED BY:</p> <p> Henry Balta, Sr. Associate CIO</p> <p>Nov. 28, 2012 Date</p> <hr/> <p>APPROVED:</p> <p> Richard Sanchez, County CIO</p> <p>12/3/2012 Date</p>

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>